

**STATEMENT BEFORE THE  
SENATE COMMITTEE ON INDIAN AFFAIRS**

**WASHINGTON, D.C.**

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**by  
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Mr. Chairman and Members of the Committee, thank you for holding this hearing today and for your consistently strong support for HUD's goals, priorities, and legislative initiatives.

I especially want to thank you, Mr. Chairman, for your leadership as a strong advocate for Native Americans, Alaska Natives and Native Hawaiians. Your efforts in recent years to preserve funding for HUD's Native American programs in the face of proposed cutbacks are deeply appreciated. People that care about the quality of life for Native Americans are well served by your chairmanship.

It is a pleasure to continue to work closely with you and the other Members of the Committee on Native American housing and community development issues. I am delighted to be here today to discuss those issues, the implementation of the Indian Housing Block Grant Program authorized by the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996, and any other matters of interest to you.

**THE PRESIDENT'S FY 2000 BUDGET PROPOSAL**

The President's proposed FY 2000 budget for Native American programs reflects HUD's continued support of NAHASDA's purposes and intent: tribal independence and increased flexibility in program implementation. NAHASDA's Indian Housing Block Grant and Title VI Indian Tribal Housing Activities Loan Guarantee Programs; the Section 184 Indian Housing Loan Guarantee Program; and the Indian Community Development Block Grant Program combine to allow tribes to custom-design programs and activities that focus on infrastructure, planning, and cost-effective, innovative housing and community development activities to meet each community's specific needs.

The President's Budget proposes \$620 million for the Indian Housing Block Grant Program, the same amount contained in the FY 1999 HUD Appropriations Act. We believe this is a reasonable funding level, given the formative stage of the new program. It represents a \$20 million increase over the FY 1998 enacted level. Of that amount, up to \$6 million can be used for training and technical assistance activities, and \$5 million is set-aside to fund the NAHASDA Title VI Tribal Housing Activities Loan Guarantee Program.

We are proposing that the Indian Community Development Block Grant Program remain at the FY 1999 appropriated level of \$67 million. This essential program is used by tribal governments to improve communities by developing or enhancing infrastructure, supporting employment-creating and economic development activities, and other capital programs.

The proposed funding level for the Section 184 Indian Home Loan Guarantee Program is \$6 million. That amount of budget authority will support loan guarantees of \$72 million. With our national average loan amount at \$105,000, we can guarantee approximately 650 new home mortgages. This popular program provides Federal guarantees for market-rate mortgage loans made to income-eligible Native American families who wish to build or acquire a home located on an Indian reservation or on other trust or restricted land. Without these Federal guarantees, lenders have refused to grant loans to otherwise-eligible Indian families.

There are other significant sources of funding in the President's Budget proposal for which Indian tribes and/or their tribally designated housing entities (TDHE) may compete. They include \$310 million in the Public and Indian Housing Drug Elimination Program, \$427 million in Welfare-to-Work Section 8 Vouchers, and a number of innovative new programs geared toward increasing housing and economic development in rural and other under-served areas.

## **STATUS OF NAHASDA IMPLEMENTATION**

Fiscal Year (FY) 1998 was the first year we implemented NAHASDA. Regulations for the program were published in March of 1998 and virtually all eligible tribes submitted Indian Housing Plans for funding by July of that year. By the end of FY 1998, HUD had approved 367 Plans representing 546 tribes, or **95 PERCENT** of the eligible tribes. Tribes are currently involved in implementing the activities included in their FY 1998 Plans and they are completing their FY 1999 formula allocation reviews.

To date, the overwhelming majority of activities undertaken by tribes are a continuation of previously-funded housing activities. These include the management and maintenance of housing developed with funding pursuant to the United States Housing Act of 1937, new housing construction for rental and homeownership, shelter/transitional housing for the homeless, housing counseling, and crime prevention, safety, security and drug elimination programs. Model activities approved during the first year of the program also followed a historic trend and include community centers and maintenance or management facilities needed to support affordable housing.

It is not unusual that in this first year of NAHASDA implementation, tribes have relied on familiar activities; however, as the program matures, we expect to see more innovative proposals for addressing housing needs.

## **NAHASDA IMPLEMENTATION CHALLENGES**

NAHASDA requires a significant shift in HUD's involvement in the delivery and upkeep of housing for Indian tribes. In the past, HUD was directly involved in the planning, implementation and management of housing programs. Under the new program, tribes have assumed full responsibility for the success of their housing activities. It has been difficult to implement this change in roles; both HUD staff and the tribes have a tendency to default to traditional roles.

This shift in responsibility is the most significant transitional issue faced during the early implementation of NAHASDA. We are retooling the organizational structure of the Office of Native American Programs to meet this challenge. We are training our

Headquarters and Field Office staff to facilitate this altered Federal role. As we interact with tribes, either through normal program relationships or through training and technical assistance, we are emphasizing the leadership role that tribes have (and must actively assume) in the new program.

It remains HUD's responsibility to ensure that Federal funds are spent wisely. While the primary responsibility for program selection resides with grantees, HUD must maintain its program oversight responsibilities. The Office of Native American Programs is establishing a separate office dedicated solely to this function. The office will be responsible for all aspects of program and participant evaluation, and it will work closely with NAHASDA grant recipients to address and eliminate program deficiencies quickly. A team of ONAP managers and staff has been working over the past several months to develop a risk-based system for identifying potential problems before they become critical. The new risk-based system will become operational within the next 90 days.

An example of the changed dynamic between HUD and tribes can be found in the area of environmental reviews of planned activities. Prior to the implementation of NAHASDA, HUD maintained the lead role in assuring that housing development activities complied with the National Environmental Protection Act (NEPA) and related laws. NAHASDA provides for tribes to assume the responsibility for environmental review of their projects. Because some tribes may choose not to assume the responsibility, the program regulations provide for HUD to retain the environmental review responsibility in those cases.

While most tribes continue to successfully perform their environmental reviews, a few tribes have started projects without completing these requirements. This becomes a violation of NEPA, which automatically voids the eligibility of the project for NAHASDA funding, which can cause financial hardship for the affected tribe. Where tribes are relying on HUD to accomplish the environmental review responsibilities, there is significant concern by tribes that HUD will not be able to promptly complete the required reviews.

HUD has taken a number of steps to address this concern. First, with the approval of every grant, the tribe/recipient is advised that environmental requirements must be met before funds can be obligated. If the tribe has assumed environmental review responsibilities, we have provided them with guidance materials to use in preparing reviews. Second, each of the ONAP field offices has provided basic training to recipients on their environmental review responsibilities. Third, we are working with tribes to develop a step-by-step guide on how to meet environmental review responsibilities, whether or not they currently choose to assume these responsibilities. This guide will specifically identify and detail the information which must be provided to HUD so that an environmental review can be completed. Fourth, we have trained staff from each ONAP field office on environmental review responsibilities. And finally, using this initial training as a base, we are planning to provide several multi-day, comprehensive training sessions for NAHASDA grant recipients.

Our primary objective is to work with tribes so that they are comfortable in assuming the environmental responsibilities. Assumption of these responsibilities by tribes is in harmony with NAHASDA's recognition of tribal self-determination and self-governance.

In the interim, HUD is taking every reasonable step to ensure compliance with environmental requirements so that planned activities are not unreasonably delayed.

## **SHARED VISIONS & ONE STOP MORTGAGE CENTER INITIATIVE**

While NAHASDA offers tribes enhanced opportunities to improve their housing and community development programs, I would like to share with you some of my excitement about several new homeownership initiatives spearheaded by the Department which will bring private capital to Indian country.

At the White House Conference, "Building Economic Self-Determination in Indian Communities," held in Washington, DC on August 5-6, 1998, President Clinton issued a mandate to HUD Secretary Cuomo and Treasury Secretary Rubin to create partnerships with tribal governments, other federal agencies and the private sector to develop a One-Stop Mortgage Center initiative. This effort is intended to streamline mortgage lending for all tribes and create a network of housing assistance centers, bringing to Indian country the homeownership opportunities many Americans take for granted. HUD and our Partners continue to participate in a series of meetings and consultation sessions aimed at identifying barriers to lending in Indian country. It is our goal to develop real solutions to resolve those barriers.

The Navajo Nation was selected by President Clinton to host the first Center. The Pine Ridge Reservation is the second host-site, and nominations are currently being considered by the Partners for the third site.

At this point the most significant barrier to homeownership remains the lack of available, private-market housing stock on reservations. Without an inventory of homes to purchase, and with no developers willing to build new homes in these areas, Native American families can only wait until rental or other assisted housing is available. This cannot be the only solution.

Secretary Cuomo has made homeownership on reservations a top priority. In close coordination with Indian leaders from across the country, he has directed HUD to partner with tribes to create a national housing model, *Shared Visions*. *Shared Visions* will explore innovative ways to build and renovate affordable housing on tribal lands and thus help more Native Americans become homeowners. The model being developed at Pine Ridge is designed to be replicated on tribal lands everywhere, which will increase the number of affordable, quality homes. A key component of the program is establishing a first-of-its-kind nonprofit entity to provide comprehensive homeownership services to Native Americans. These services would include low-cost financing, down payment assistance, and homeownership counseling.

*Shared Visions* has two components in 1999. First, we will design the national model, which will be the centerpiece of the activities scheduled at HUD's annual Native American Homeownership, Legal and Economic Development Summit, to be held in Chicago from March 30 to April 1, 1999. Then, during late July and early August, the Partners will work with the Oglala Sioux (Lakota) Tribe of the Pine Ridge Indian Reservation. They will host a "building blitz," which will attract volunteers from across the country to help construct 50 homes, create the necessary infrastructure, provide technical assistance, and implement a permanent, public-private partnership organization to continue developing homes for private ownership on the Reservation.



Mr. Chairman, this concludes my prepared testimony. I would be pleased to answer any questions you or other Members of the Committee may have.

## **FISCAL YEAR 2000 PROPOSED FUNDING FOR NATIVE AMERICAN PROGRAMS**

**Indian Housing Block Grant Program:** \$620 million

from which the following amounts are set aside:

**Title VI Tribal Housing Activities Loan  
Guarantee Program:** \$ 5 million

**Technical Assistance and Training** \$ 6 million

**Section 184 Indian Housing Loan Guarantee  
Program:** \$ 6 million  
which supports \$72 million in guarantees

**Indian Community Development Block  
Block Grant Program:** \$ 67 million

NAHASDA repealed Indian eligibility for the categorical programs authorized under the United States Housing Act of 1937, as amended, and certain similar laws, and combined them into a single, formula-based Indian Housing Block Grant (IHBG). Tribes or their tribally designated housing entities (TDHE) apply for the IHBG by submitting an Indian Housing Plan for HUD approval.

Indian families, Indian housing authorities, Indian tribes and TDHEs are eligible borrowers under the Section 184 Loan Guarantee Program.

Title VI Tribal Housing Activities Loan Guarantee Program guarantees are available, under certain conditions, for notes or other obligations issued by Indian tribes or, with tribal approval, their TDHEs.

Indian tribes respond competitively to a Notice of Funding Availability for the Indian Community Development Block Grant Program.

Indian tribes and TDHEs are eligible to compete for the Public and Indian Housing Drug Elimination Program, the Economic Development and Supportive Services Program, the Rural Housing and Economic Development Initiative, and the special Welfare-to-Work Section 8 Voucher Program.

The Office of Native American Programs has the direct responsibility to administer all programs mentioned above, including those where Indian tribes or TDHEs successfully compete for grant funds concurrently available to other entities.